

# **Things That Irritate Dragons:**

China's strategic interests in Southeast Asia

by

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## Things That Irritate Dragons: China's strategic interests in Southeast Asia

On 22 July 2009, the US Secretary of State Hillary Clinton delivered a message to the Association of Southeast Asian Nations (ASEAN) Regional Forum, telling members that the US was back in Southeast Asia and committed to strengthening its presence and engagement in the region. The Secretary of State pointed out that the region was vital to global progress and the US was fully prepared to cooperate with its ASEAN partners on a host of issues ranging from security to economics. To demonstrate its resolve, the US signed on to the Instrument of Accession to the ASEAN Treaty of Amity and Cooperation (TAC), which commits participants to peaceful settlement of disputes and non-interference in domestic affairs.<sup>1</sup> The announcement produced a variety of reactions from Chinese academics, state media and military analysts on possible efforts and strategy by the US to re-assert influence in the region and contain China's rise.

For China, as with any country, even slight shifts in the regional security environment are cause for great concern and require accurate and timely analysis in order to understand the circumstances and intentions behind the change. Correct interpretation of the motivations and dynamics altering the status quo are essential in determining if the new environment is beneficial, neutral, or harmful to the state's interests. However, these determinations are often predicated on China's own national ambitions and world-view versus those of the actual catalyst. Examining China's reactions to the recent announcement of renewed US focus in Southeast Asia can perhaps shed light on their priorities and concerns in the region from the intentions they assign to the US.



Map of Southeast Asia

<sup>1</sup> Secretary of State Hillary Clinton, "Press Availability at ASEAN Summit," State Department, 22 July 09, as downloaded from <http://www.state.gov/secretary/rm/2009a/july/126320.htm>

## Background:

Southeast Asia is generally considered to comprise the 11 independent nations of Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.<sup>2</sup> Sitting astride four of the world's most crucial choke points, large financial and resource markets, and with potential hot-spots for terrorist activities, Southeast Asia takes on enormous strategic, political and financial importance for both the US and China. In 2006, trade was estimated at over \$160 billion dollars for each of the two countries. However, China has taken a more comprehensive overview of its dealing with individual nations, through the establishment of free trade agreements, and has been moving with greater agility in financial dealings over the last several years.<sup>3</sup>



Southeast Asia Choke Points Map<sup>4</sup>

To fully understand China's reaction to the announcement of renewed US interest in Southeast Asia, it is important to first have a basic understanding of its past strategic agenda in the region and compare that with current concerns to test for possible modifications in strategic thinking. Bronson Percival, a US Foreign Service expert in Southeast Asian affairs and the author of The Dragon Looks South, noted that until 2007, China maintained six strategic goals in Southeast Asia:

<sup>2</sup> Southeast Asia regional map downloaded from CIA Factbook website

[https://www.cia.gov/library/publications/the-world-factbook/maps/refmap\\_southeast\\_asia.html](https://www.cia.gov/library/publications/the-world-factbook/maps/refmap_southeast_asia.html)

<sup>3</sup> Bruce Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations: Trends, Issues, and Implications for the United States," 4 Apr 06, Congressional Research Service,

<http://www.fas.org/sgp/crs/row/RL34310.pdf>

<sup>4</sup> Ibid

- 1) Maintain a stable environment on its periphery.
- 2) Encourage economic ties that contribute to China's economic modernization and thus to regime stability.
- 3) Further isolate Taiwan and block moves towards its de jure independence.
- 4) Convince others that China is not a threat.
- 5) Increase China's influence in East Asia, in part to prevent "containment" of China in the future.
- 6) In Southeast Asia, secure recognition as the most influential external Asian power.<sup>5</sup>

In reviewing the history of Chinese interests in Southeast Asia, Mr. Bronson describes the initial stage, which began with the communist takeover in 1949, as ideologically driven, with the goal of exporting communist revolution wherever possible. During Mao's reign, the battle between the strategic policies of ideology and pragmatism were a recurrent theme played out in countries such as Vietnam and Indonesia. China raised fears of active US and Soviet Union efforts to achieve strategic containment. With Mao's death and the more moderate, financially focused Deng Xiaoping taking power, China's policy towards Southeast Asia shifted from ideological support of revolution to a policy that advocated economic development and reform. While there would be numerous bumps in the road, such as territorial disputes and the 1996 Taiwan Strait crisis, the greater emphasis would remain on economic development. The Asian financial crisis of 1997 softened the features on the face of the once feared dragon. During this tumultuous time, China was able to rebrand its image as a positive force in the region by refusing to devalue its currency, making contributions to the International Monetary Fund, and providing financial support to Thailand.<sup>6</sup>

In retrospect, the year 1997 marked a sharp departure from China's aggressive policies in Southeast Asia and ushered in the age of accommodation. Through soft-power and engagements with individual nations, China's leadership sought to assuage fears of a dominate neighbor. Instead, it projected an image of economic cooperation and passivity, content to move with the prevailing tides of the political currents. It did not attempt to bully members of ASEAN into accepting Beijing's viewpoint and more often than not acquiesced to the larger regional collective. As Mr. Percival notes, China's "charm offensive," has been both economically and politically effective. Not only has there been a marked decline in its aggressive nature towards Southeast Asian disputes, China has also toned down its anti-US rhetoric in the region. While there has been no

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<sup>5</sup> Bronson Percival, *The Dragon Looks South*, Praeger Security International, 2007, p 5

<sup>6</sup> Ibid, pp 5-8

great swing in the balance of power in the region, Southeast Asian officials have voiced their opinion that the pendulum is moving in China's direction.<sup>7</sup>

Even before the US Secretary of State's official announcement, Chinese observers, obviously well informed on the new policy direction, began offering comments and analysis on US intentions in the region. While the opinions are not uniform, nor even consistent, surprisingly they do paint a holistic picture of China's own imperatives.

### **Chinese responses to US Southeast Asia policy before 22 July 2009:**

Responding to a speech made by US Secretary of Defense Robert Gates in Singapore, that signaled a US policy change in Asia from patron to partner, the 30 Jun 2009 edition of the *People's Liberation Daily* featured an article by Wu Xinbo, Associate Dean of the School of International Relations and Public Affairs and Professor and Deputy Director of the Center for American Studies at Fudan University, he offered four points for the US to consider:

- 1) **Abandon Cold War mentality:** The US should abandon its outdated Cold War mentality towards the Korean peninsula and Taiwan. Professor Wu stated that the current conflict over the North Korean nuclear issue was an artifact leftover from the Cold War mindset and that a settlement could only be achieved by putting it in the past. While Professor Wu felt that the new US administration was showing greater flexibility, he wondered if they could convert the "challenge into an opportunity." Regarding Taiwan, the US was still held on to its Cold War mindset which viewed Taiwan as a strategic focal point in the Western Pacific Region. In light of improved conditions in cross-strait relations, the US should jettison its outdated support for Taiwanese security, cease weapons sales and voice unambiguous terms for reunification.<sup>8</sup>
- 2) **US concerns over regionalism are unfounded:** US concerns that it would be marginalized, through cooperation among East Asian Nations, and that China would use the opportunity to take advantage of regionalism are unfounded. The US has forged historic political, economic, and security ties in the region and would continue to be a key participant in regional affairs. The US should concentrate more on the integration of China into East Asia and less on the shadow of China's rise. US willingness to sign the "Treaty for Friendly Cooperation with Southeast Asia" was paving the way for participation in the East Asia Summit and demonstrated that the US was trying to adapt to changes in the region.<sup>9</sup>
- 3) **Partnership with China:** Professor Wu further calls on the US to develop a partnership with China and abandon the existing policy of disassociating the economy from security and viewing China as a rival. Wu states that there has been a three-stage

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<sup>7</sup>Ibid, pp 8-12

<sup>8</sup> Wu Xinbo, "Trends in US relations with East Asia," *Jiefang Ribao Online*, 30 Jun 09, as downloaded from [http://epaper.jfdaily.com/jfdaily/html/2009-06/30/content\\_232460.htm](http://epaper.jfdaily.com/jfdaily/html/2009-06/30/content_232460.htm)

<sup>9</sup> Ibid

progression in relations between the US and China broken down into enemies, partial alliance and economics. In the first two decades of the Cold War, the US saw China as an enemy and pursued a policy of containment. During the 80s, cooperation increased between the two nations as the US tried to halt the spread of the old Soviet Union. Moving into the post-Cold War era, the US engaged China economically, while at the same time, allied with nations such as Japan and India to contain its growth.<sup>10</sup>

4) **Quit using Southeast Asia to further US regional strategy:** The US should depart from the policy of leading East Asian affairs in order to further its own strategic goals. It should also recognize that the region is not a subsidiary of US global ambition and that the region is, “self-being” and “self-making”.<sup>11</sup>

Shi Yinhong, director of the Center for American Studies at the People’s University, theorized that the United States had three goals regarding its activities in the South China Sea: to collect intelligence on China’s naval strength; to deny China its exclusive economic zones; and to assist Southeast Asian nations to contain China. Li Jinming, a professor at the South Sea Institute of Xiamen University, charged that certain nations in Southeast Asia had used US companies as a pretext to contain China, knowing that the US would act in their interest. Professor Li noted that this would place China at a disadvantage in protecting its rights to develop natural gas resources in the South China Sea.<sup>12</sup>

Researcher Xu Liping, from the Chinese Academy of Social Sciences, went even further questioning the possibility that the US might use military force in the South China Sea to settle disputes. Professor Xu based his speculation on testimonies presented before the 15 July US Senate Committee hearing titled *Maritime Issues and Sovereignty Disputes in East Asia*.<sup>13</sup> Professor Xu’s analysis of individual testimony before the committee summarized US policy as three-fold: economically, it tacitly approved US oil companies’ collaboration with Vietnam to exploit oil and natural gas in the South China Sea; on the security front, they sought to broaden US military’s presence in the South China Sea and to ensure unhindered navigation; and strategically they allowed the US to use the South China Sea issue as a chess piece to curb China.<sup>14</sup>

### **Chinese responses to US Southeast Asia policy after 22 July 2009:**

Other Chinese analysts theorized that the US would take a more pragmatic view of its re-involvement in the region and recognize China’s growing national power and choose

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<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> “US Intentions in Southeast Asia,” *Xianqu Daobao*, 20 Jul 09, [http://news.xinhuanet.com/herald/2009-07/20/content\\_11737569.htm](http://news.xinhuanet.com/herald/2009-07/20/content_11737569.htm)

<sup>13</sup> Scot Marciel testimony before the Subcommittee on East Asian and Pacific Affairs Committee on Foreign Relations United States Senate, “*Maritime Issues and Sovereignty Disputes in East Asia*,” as downloaded from <http://foreign.senate.gov/testimony/2009/MarcielTestimony090715p.pdf>

<sup>14</sup> Xu Liping, “PRC: CASS Scholar Views Possible US Military Intervention in South China Sea,” *Qingnian Cankao Online*, 21 Jul 09, as downloaded from [http://www.cyol.net/qnck/content/2009-07/21/content\\_2767777.htm](http://www.cyol.net/qnck/content/2009-07/21/content_2767777.htm)

cooperation over hostilities. On the day of the US Secretary's arrival, Hong Kong current affairs commentator, Yeung Tat, stated that "China's national power is increasing and its influence in Asia is also expanding. Although the United States takes strategic precautions against China, it also clearly understands that it cannot detach itself from China's cooperation in areas of international affairs. The United States and China will not engage in a prominent confrontation." Still others floated the idea that the US would use a balanced approach of engagement and containment in order to protect its interests.<sup>15</sup>

The day after the Secretary's speech to the ASEAN Regional Forum, Guo Xiangang, a scholar from the China Institute of International Studies, commented that the US return to Southeast Asia would bring uncertainties to the region. Professor Guo felt that the US wanted to re-engage with the region to demonstrate its influence and resolve on the North Korean nuclear issue, as well as on the instability in Burma. He also saw it as a mutually beneficial situation for both the US and Southeast Asian nations. The US would regain access to its sixth largest export market along with energy resources, while Southeast Asian nations could leverage the US and China as strategic balances against one another.<sup>16</sup>

In the *Guangzhou Daily*, US renewed interest in the region was viewed as a means to counterbalance China and signaled a change from the policy of neglect, to one of engagement. The paper theorized that the change in US policy was enacted in order to bolster America's declining influence in the region and that previous refusals to sign the TAC agreement containing the non-interference clause were so that it could continue exerting influence over other nations in the region. US concerns over Burma's development of nuclear weapons were seen as a sticking point for future relations with ASEAN. Financial investment in the region would be a major factor in reestablishing US influence but doubts existed over the US' ability to achieve these goals given the current financial crisis. It was a foregone conclusion that the US would join the East Asia Summit in order to participate in Asian political and security issues. With Japan, Australia, and other US allies already members of the summit, there were concerns that the alliance could possibly form an internal power group that would challenge China's rising position.<sup>17</sup>

At roughly the same time, the *Huanqiu Shibao* revised a previously held position that the return of the US to Asia was aimed at containing China, to a more downplayed version that suggested the US motivation was simply to send a signal on the importance it attached to the region. Going even further, the author put forward that the US should be lauded for its efforts and welcomed. US estrangement from the region in years past, combined with China's rise, has placed additional pressure for the US to re-engage. The editorial surmised that by signing the treaty, it would curb the US natural inclination to interfere in the affairs of other nations. Even if the US did attempt to contain China, the

<sup>15</sup> Lin Chuan, "ZTS 'Feature' Article: US Wants To 'Return' to Asia To 'Contain' China's Influence," *Zhongguo Tongxun She*, 22 Jul 09, as downloaded from <http://news.sohu.com/20090722/n265402640.shtml>

<sup>16</sup> Ding Yi, "U.S. Accession To Amity Treaty Aims at Regaining Interests in Southeast Asia," *Xinhua*, 23 Jul 09, as downloaded from <http://english.sina.com/world/2009/0723/257933.html>

<sup>17</sup> Dang Jianjun, "Guangzhou Ribao Article on US 'Return to Southeast Asia,' Areas of Concern," 27 Jul 09, as downloaded from <http://www.dayoo.com>

effort was seen as useless, as long as China continued to abide by the rules set down by ASEAN. Furthermore, the impact of the financial crisis had severely damaged the US image and it would be counter productive to try and contain an emerging power. However doubts still lingered over old habits with the US advocating that Burma be expelled from ASEAN over human rights abuse.<sup>18</sup>

Almost a week after the US Secretary's announcement the *People's Liberation Daily* cited Chen Wenxin, a researcher at the China Institute of Contemporary International Relations, who characterized US absences from previous ASEAN Regional Forums as neglecting Asia. Chinese media outlets reported that current US interest was sparked by China's increasing influence in Southeast Asia and America's decline. Other analysts argued that US participation in TAC was due to the current financial crisis and the positive trends seen in the Asian regional economy. Signing the treaty would not only build stronger regional ties, it would also assist in the US economic recovery. Cambodia, Laos, Thailand, and Vietnam were singled out as key targets for US economic stimulus. As with other analysis, the *People's Liberation Daily* felt that the US' reluctance to sign the previous TAC agreements was so that it could avoid the clauses related to noninterference and meddling in the internal affairs of other nations. The Burma issue was singled out as a key area in which the US sought to continue pushing its influence. With the US' new status as a party to the treaty, it would be able to cooperate with other ASEAN participants to block the influence of other "big countries." The ASEAN countries would benefit financially by having two major powers vying for influence and would be able to use them as counter weights against the other.<sup>19</sup>

On 9 August 2009, CCTV-7 aired a 30-minute panel discussion, "Defense Review Week," that featured talks on what the program characterized as a recent "US led anti-submarine exercise" in the South China Sea. Two of the panel's military experts, Zhang Zhaozhong and Wang Baofu, felt that through such exercises the US was engaging in a containment or practicing a strategy utilizing the first island chain as a means to block China's access to the Pacific Ocean. Expounding on the geostrategic importance of the first island chain, Zhang explained that the Philippines, Cam Ranh Bay, and the Malacca Strait comprised a strategic triangle to the south and that Taiwan, Japan, and Korea made up a strategic triangle to the north. Together, these two triangles controlled the gateway to the Pacific and were key US choke points used to contain both China and North Korea.

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<sup>18</sup> Shen Dingli, "HQSB Commentary: US Is Welcomed to SE Asia As Long As It Plays by Rules," *Huanqiu Shibao*, 30 Jul 09, as downloaded from <http://www.huanqiu.com>

<sup>19</sup> Shi Yanju, "PLA Daily Article Views Motives Behind US 'Return' to Southeast Asia," *Jiefangjun Bao Online*, 4 Aug 09, as downloaded from <http://www.chinamil.com.cn/>



Strategic Triangles

Zhang pointed out that while political, economic, and diplomatic progress had been made in Sino-US relations, none had been made militarily. Furthermore, as the country continued to develop, freedom of movement through the first island chain would take on a more vital role in China's national security. Zhang stated that China would suffer grave consequences if passage through the Malacca Strait was blocked during a crisis. Wang added that the US was maintaining its Cold War mentality, and along with Japan, did not want to see China venture outside of the first island chain. He also noted that maritime territorial disputes had posed even greater challenges to China's national security interests.<sup>20</sup>

While not a direct response to the US announcement, Chinese Premier Wen Jiabao did propose a new six-point agenda for enhancing cooperation between China and the association that was perhaps designed to address the new US initiative. Speaking at the 12<sup>th</sup> ASEAN Summit, Premier Wen pointed out that despite the current financial crisis, the economic situation in China and ASEAN countries remained fairly stable. In order to further the spirit of cooperation, Premier Wen suggested the following six steps be taken:

- 1) The China-ASEAN Free Trade Area should publicize its laws and regulations and seek to professionally train participants. China would hold a forum and establish a commercial website to assist enterprises in learning about preferential policies. Premier Wen also suggested an economic cooperation zone to encourage Chinese investment in the region. He called for the protection of intellectual property

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<sup>20</sup> "CCTV-7 'Defense Review Week' 09 Aug Discusses US First Island Chain Strategy," CCTV, 9 Aug 09, from Beijing CCTV-7 Broadcast of Defense Review Week

rights, removal of technical trade barriers and establishment of a unified fauna and flora quarantine system.

- 2) China should accelerate and prioritize transportation construction projects, reach an early agreement on customs cooperation and sign the regional air traffic agreement in order to handle increased trade demands.
- 3) China should broaden agricultural cooperation with ASEAN nations and assist them in increasing grain production.
- 4) China should increase its environmental protection efforts. bio-diversity, clean production, environmental industries, new energy and renewable energy should be singled out. Toward this goal, China offered to train 100 personnel.
- 5) A China-ASEAN center should be established to increase cooperation in: strengthening social and cultural ties; disease-control, education, tourism and fighting cross-border crimes.
- 6) China should establish a permanent ASEAN office to further enhance regional cooperation at various levels.

Besides setting up a \$10 billion dollar fund for developing a regional infrastructure, China also plans to offer a credit of 15 billion dollars to ASEAN countries and \$39.5 million dollars in special aid to less-developed ASEAN countries.<sup>21</sup>

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<sup>21</sup> "China Makes Six-Point Proposal for Cooperation With ASEAN," *Xinhua*, 24 Oct 09, as downloaded from [http://news.xinhuanet.com/english/2009-10/24/content\\_12315438.htm](http://news.xinhuanet.com/english/2009-10/24/content_12315438.htm)

## Consequences for China

From a Chinese perspective, it is difficult to see how Beijing would view renewed US focus in Southeast Asia as a positive development. Attempting to create a strategic backyard, through accommodations with 11 independent nations, often with competing agendas, is problematic enough in its own right without the re-entrance of a large competitor. With the US concentrating the majority of its diplomatic/military efforts in Iraq and Afghanistan over the last several years, China has enjoyed near carte blanche in the Southeast Asian region. Certainly China can find some positive aspects from the US reintroduction, such as shared responsibility in the areas of security and stabilization, but on the whole, it is likely to be an unwelcome intrusion. For China to obtain optimal conditions for economic expansion, it requires unfettered access to additional markets and freedom of movement to navigate through strategic sea lanes. A more robust US presence in the region would tend to hamper these ideal conditions.

Chinese media reaction to the Secretary of State Clinton's announcement, which at best can be described as cautious, illuminates China's own security concerns and provides a bellwether for possible strategic trends. Taken individually, these responses may seem disjointed and random but when combined and compared with past initiatives, show remarkable consistency. Returning to Mr. Percival's book, The Dragon Looks South, we are reminded that China has six major goals in the region. They are 1) maintain a stable environment on its periphery; 2) encourage economic ties that contribute to China's growth; 3) further isolate Taiwan; 4) convince others that China is not a threat; 5) increase influence to prevent containment; and 6) achieve recognition as the most influential Asian power. These six key initiatives serve as an excellent blueprint for examining Chinese media analysis and possibly additional strategies. The containment, isolation of Taiwan, and economic initiatives are discussed below.

### Containment:

There are several themes that standout in the reaction to renewed US focus in Southeast Asia but clearly the most pressing problem for China is the fear of containment. Access to the financial markets of Southeast Asia and passage into the Pacific Ocean through the strategic sea lanes are of paramount importance in sustaining economic growth. The current world-wide financial crisis is a huge threat to China's economic engine and a severe downturn could facilitate domestic violence within the country. In late 2008, the head of China's National Development and Reform Commission, warned that the impact of the global crisis on China's economy was deepening and that massive unemployment could lead to social unrest.<sup>22</sup> Compounding the anxiety of being potentially blocked from reaching the Pacific, and vital markets beyond, is China's growing rivalry with India that could have similar results for traversing through the Indian Ocean.<sup>23</sup> As mentioned in the *Guangzhou Daily*, active US

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<sup>22</sup> "China fears unrest amid slowdown," *BBC News*, 27 Nov 08, as downloaded from <http://news.bbc.co.uk/2/hi/7753020.stm>

<sup>23</sup> Howard Chua-Eoan, "Beyond Pirates: On the High Seas, an India-China Rivalry," *Time*, 8 Apr 09, as downloaded from <http://www.time.com/time/world/article/0,8599,1890251,00.html>

participation in the ASEAN forum, and potentially the East Asia Summit, raises concerns of nations friendly to the US forming an alliance to hinder China's rise.

With a current population of 1.3 billion citizens and growing, the need to maintain and expand access to material and market resources outside of China places an ever growing strain on Beijing's diplomatic abilities. Threats of containment not only dredge up past memories of Western dominance and encroachment on national sovereignty, it also places China's future economic growth and internal security in jeopardy. The absence of a robust competitor in the region over the last several years has been a boon to China's goal of removing access barriers; however, past fears have been revived with the announcement of a renewed US focus.

### **Isolate Taiwan:**

Even with the election of a somewhat more moderate Taiwanese administration, under the leadership of President Ma Ying-jeou, China still continues its efforts to politically isolate the island from the rest of the world. Dr. Chien-Min Chao, the Deputy Minister of Taiwan's Mainland Affairs Council remarked that despite improving relations with the mainland, there were still dangers. The deputy minister cited China's growing military budget and enhanced military capability as areas of concern. At a panel discussion in San Francisco, Dr. Chao explained Taiwan's attempts to improve cross-strait relations:

While striving for stabilization and normalization of relations with China, Taiwan has taken a cautious step in advocating the '3 Noes' – no unification, no independence and no use of force. The reality is that Taiwan does more business with China than with Japan and the United States, so any joint agreements to iron out juridical, economic and banking cooperation would be beneficial for both sides.<sup>24</sup>

Despite these overtures, Chinese strategy is still focused on cutting off Taiwan from establishing diplomatic relations with other countries. In the *People's Liberation Daily*'s response to renewed US interest, Professor Wu makes three rather overt calls for the US to abandon its ties with Taiwan:

- The US should abandon its outdated Cold War mentality towards Taiwan
- The US is still holding its Cold War thinking which viewed Taiwan as a strategic focal point
- The US should jettison its outdated support for Taiwanese security, cease weapons sales, and voice unambiguous terms for reunification.

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<sup>24</sup> "A New Era for Taiwan-PRC Relations," *Taiwanese Embassy*, as downloaded from 12 Jun 09, <http://www.taiwanembassy.org/US/SFO/ct.asp?xItem=98673&ctNode=3015&mp=67>

## **Encourage economic ties that contribute to China's growth and increase influence to prevent containment**

While China's policy of accommodation has been hailed as a resounding success, trying to be all things to all people is not without its own inherent dangers. Replacing the perception of an aggressive antagonist with that of a benevolent benefactor can foster an entitlement mentality in nations receiving financial aid. The recent announcement by Premier Wen Jiabao to infuse the region with over \$30 billion dollars in economic incentives may generate as much animosity as it does goodwill if the funding does not materialize or is spread unevenly.

*- Recently, Cambodia's Prime Minister Hun Sen praised China's investment in the country after the construction of a \$128 million dollar bridge. The prime minister remarked, "China respects the political decisions of Cambodia, they are quiet, but at the same time they build bridges and roads, and there are no complicated conditions." Shortly after, Cambodian officials announced that they were in the process of trying to secure an additional \$600 million dollars in Chinese funds for infrastructure projects.<sup>25</sup>*

*- During an international trade fair held in Chengdu City, East Timor's Prime Minister, Xanana Gusmão, also praised past and future investment in his country, "China has helped us a lot, for example in the area of building assistance, our Foreign Affairs Ministry was built with the aid of China. In August this year, the Chinese-built Presidential Palace and next year China will also help us to build a headquarters for the Army. Apart from this, China has also dispatched medical teams to East Timor, as well as assisting with the cultivation of human resources."<sup>26</sup>*

Managing expectations such as the two examples above will not be an easy task and could become increasing more difficult should China need to place a retroactive price tag on the aid. Chinese analysts are keenly aware that some Southeast Asian nations will take advantage of the fact that both China and the US are in active competition and use them as counterbalances. Southeast Asian nations that effectively employ this technique may be able to draw financial aid without having to give concessions.

### **Addition of an IO Campaign?:**

Understanding the intended audience for these articles can also prove to be beneficial. While on the surface they appear designed for internal consumption or

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<sup>25</sup> Sebastian Strangio, "Adjusting to life in China's shadow," *The Phnom Penh Post*, 6 Oct 09, as downloaded from <http://www.sebastianstrangio.com/2009/10/06/adjusting-to-life-in-china%e2%80%99s-shadow/>

<sup>26</sup> "East Timor: Gusmão Expresses Hope for Greater Chinese Investment," 16 Oct 09, press release from East Timorese Prime Minister's Office

government policy recommendations, this may not be the case. We should also consider the possibility they are written for the Southeast Asian audience as an IO campaign to undermine US influence in the region and bolster their own standing. The ability to define your opponent in the mind of public opinion is a huge advantage if done properly. Repeating a mantra, no matter how stale, eventually penetrates the listener to some extent. Pulling recurrent phrases and themes from the collection of essays, China pushes three talking points.

#### US maintains a Cold War mentality

- The current conflict over the North Korean nuclear issue is an artifact leftover from the Cold War mindset
- The US is still holding on to its Cold War thinking which viewed Taiwan as a strategic focal point
- The US maintains its Cold War mentality, and along with Japan, did not want to see China venture outside of the first island chain

#### US is in financial decline

- The change in US policy was enacted in order to bolster America's declining influence in the region
- Doubts existed over the US ability to achieve these goals given the current financial crisis
- Even if the US did attempt to contain China, the effort useless since the financial crisis has severely damaged the US image
- Current US interests are sparked by China's increasing influence in Southeast Asia and America's decline
- Other analysts argued that US participation in TAC was due to the current financial crisis and the positive trends seen in the Asian regional economy. Signing the treaty would not only build stronger regional ties, it would also assist in the US economic recovery

#### US interfering in internal affairs

- Previous refusals to join TAC were so that it could continue exerting influence over other nations in the region
- By signing the treaty, it would curb the US' natural inclination to interfere in the affairs of other nations
- Reluctance to sign previous TAC agreements was to avoid the clauses related to noninterference and meddling in internal affairs
- The US wanted to re-engage with the region to demonstrate its influence and resolve on the North Korean nuclear issue, as well as instability in Burma
- US concerns over Burma's development of nuclear weapons were seen as a sticking point for future relations with ASEAN
- Doubts still lingered over old habits with the US advocating that Burma be expelled from ASEAN over human rights abuse

- The Burma issue was singled out as a key area in which the US sought to continue interfering

### **Summary:**

China continues along its path of accommodation in the Southeast Asian region, perhaps even ramping up these efforts in an attempt to minimize US renewed focus. It remains to be seen if large financial expenditures in the region will bring returns or only complications. Beijing's primary focus remains on unimpeded economic development and avoiding strategic containment. The announcement by the US Secretary of State has sent ripples of apprehension through certain analytical circles but does not seem to have sounded any serious alarm bells. China appears to be taking a cautious, wait and see approach to dealing with the problem while at the same time attempting to passively create doubts about US intentions.

Southeast Asia is China's backyard, sensitivities are higher than in other areas. Therefore we should expect increased Chinese focus on US activities and policies in the near and distant future.